



# Missouri Department of Natural Resources Energy Center

## MISSOURI ENERGY BULLETIN

December 9, 2004

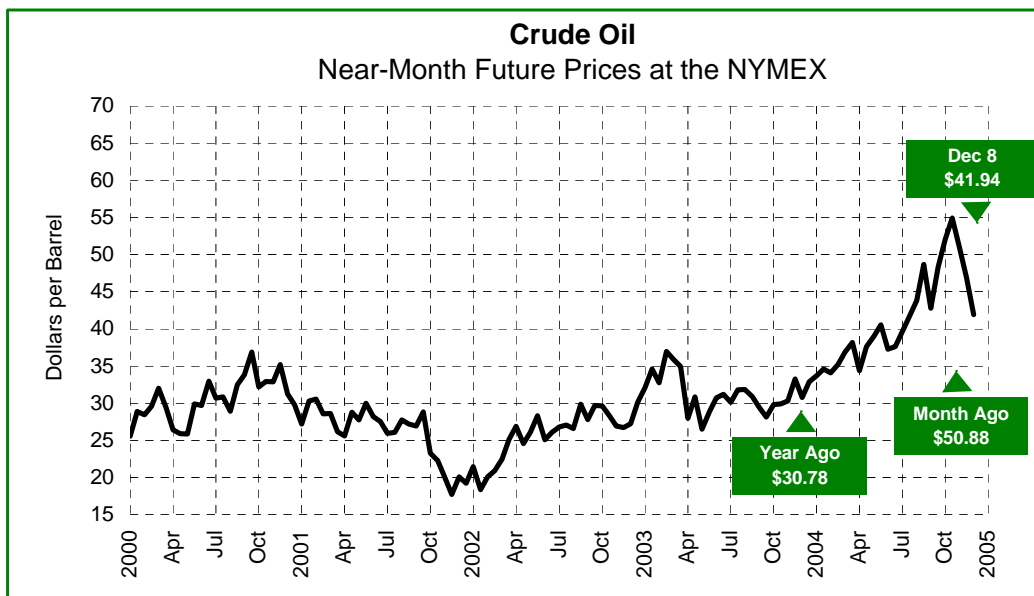
### Crude Oil

On December 8, crude oil futures on the NYMEX settled at \$41.94 per barrel, falling from over \$50 per barrel a month ago.

*Crude Oil - Near Month Future Prices (dollars per barrel)*

	<u>12-08-04</u>	<u>11-03-04</u>	<u>change</u>	<u>12-02-03</u>	<u>change</u>
NYMEX	\$41.94	\$50.88	down 18%	\$30.78	up 36%

- Crude oil prices have settled below \$50 per barrel since Nov. 4 and have traded as low as \$41. Crude prices are lower despite low supplies of heating oil compared to last year but remain sensitive to the current volatility of heating oil prices.
- On December 8 crude oil futures on the NYMEX settled higher at \$41.94 per barrel, a \$0.48 increase, in response to a smaller-than-expected increase in distillate supplies, including heating oil. Tight heating oil stockpiles continue to influence higher energy prices at the NYMEX.



- U.S. commercial supplies stand at an estimated 293.9 million barrels, well within the 5-year supply range for this time of year. Current crude supplies are 16 million barrels higher compared to last year's storage levels, according to EIA. However, refineries are now operating at an estimated 94 percent of available capacity, resulting in a greater demand for crude.

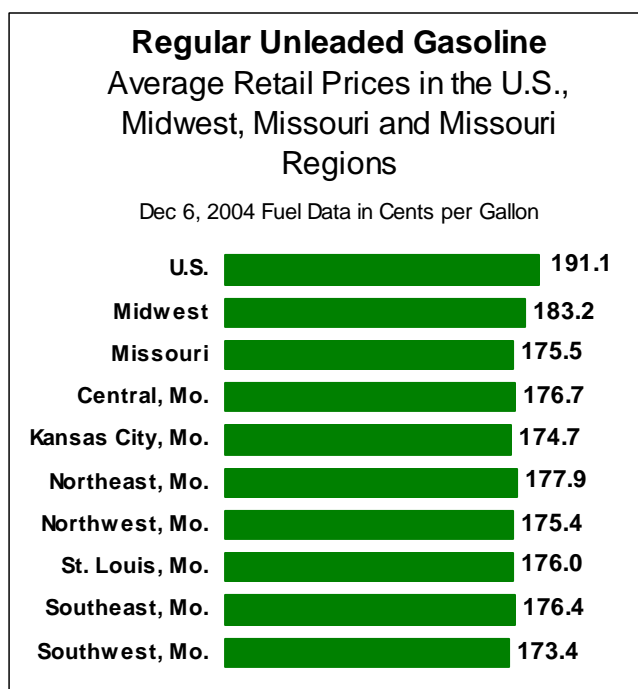
## Transportation Fuels

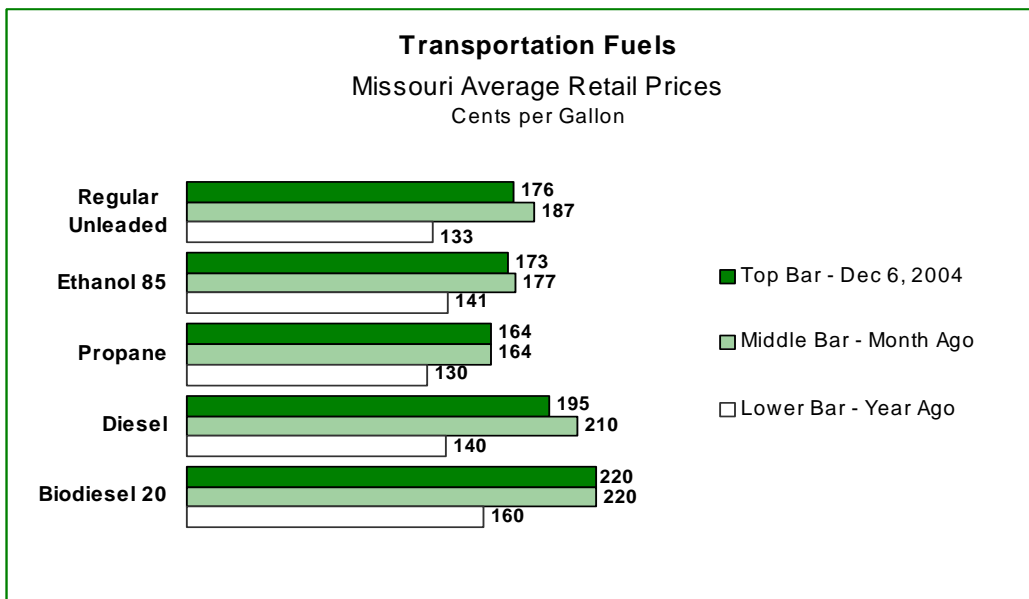
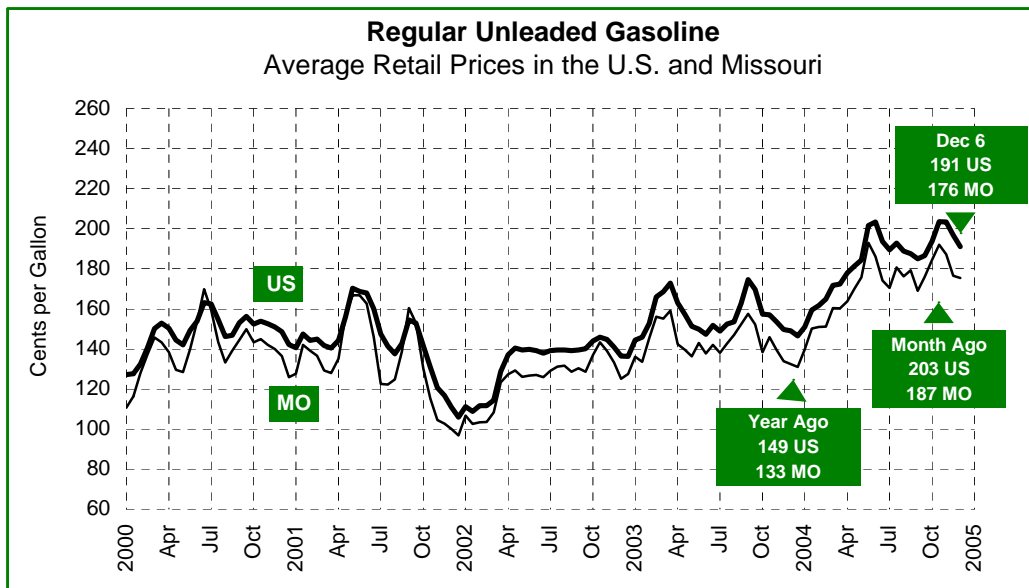
Missouri's average retail price for regular unleaded gasoline decreased 12 cents per gallon from the previous month to reach \$1.75 per gallon on Dec. 6.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>12-06-04</u>	<u>11-01-04</u>	<u>change</u>	<u>12-01-03</u>	<u>change</u>
US	191	203	down 6%	149	up 28%
Missouri	175	187	down 6%	132	up 32%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>12-06-04</u>	<u>11-01-04</u>	<u>change</u>	<u>12-01-03</u>	<u>change</u>
Missouri	195	210	down 7%	140	up 39%

- Over the last year, Missouri's average retail gasoline prices have increased 32 percent, climbing from 132 cents per gallon to 175 cents per gallon. During the last month, Missouri retail prices have decreased by 12 cents per gallon, or 6 percent, in response to the falling price trends of both crude oil and gasoline prices at the NYMEX. Missouri motor gasoline retail prices peaked at nearly \$2 per gallon on May 17. Retail prices are expected to fall slightly but remain stronger compared to last year based on the strength of current crude oil prices.





Motor Gasoline - Total Stocks (millions of barrels)					
US	12-03-04	10-29-04	change	11-28-03	change
	208.1	201.7	up 3%	197.1	up 6%

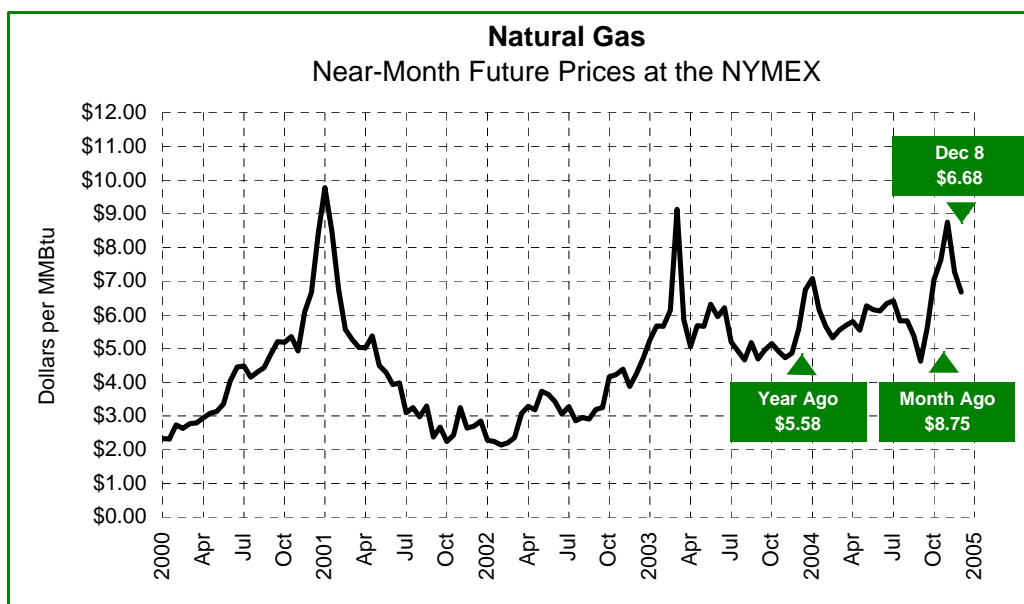
- U.S. gasoline supplies for the week ending Dec. 3 increased by 2.4 million barrels from the previous week, placing them at 208.1 million barrels, well within the 5-year average for this time of year and 7.6 million barrels higher than last year at this time. U.S. gasoline supplies increased due to higher gasoline production by refineries, an increase in imported gasoline supplies and lower demand. Midwest gasoline supplies increased by 0.5 million barrels, moving from 50 million barrels on Nov. 26 to 50.5 million barrels on Dec. 3.
- U.S. gasoline production was estimated at 8.8 million barrels per day as of Dec. 3. Imports contributed an additional 1.1 million barrels per day, up 0.2 million barrels per day from the previous week.

## Natural Gas

Approximately 56 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

**On Dec. 8, natural gas futures closed at \$6.68 per MMBtu, a decrease of \$2.07 per MMBtu since last month but approximately \$1.10 higher than last year, an increase of 20 percent.**

Natural Gas - Near Month Future Prices (dollars per mmbtu)					
	12-08-04	11-03-04	change	12-02-03	change
NYMEX	\$6.68	\$8.75	down 24%	\$5.58	up 20%



- Working gas in storage stood at 3,211 Bcf as of Friday, December 3, according to EIA's Weekly Natural Gas Storage Report. This is 12 percent greater than the previous 5-year (1998-2003) average, and nearly 8 percent greater than last year's level at this point in the heating season.
- On a regional basis, implied net withdrawals were slightly higher than the 5-year average but were most significant in the West region, where implied net withdrawals were more than double the average due to temperatures that were colder than normal during the week of the storage report.
- EIA lowered their projection for Midwest households' average natural gas winter heating bills from an estimated 15.3 percent increase to an increase of 9.3 percent compared to last year. This is based on natural gas prices that are expected to be 7.3 percent higher than last year.

## Propane

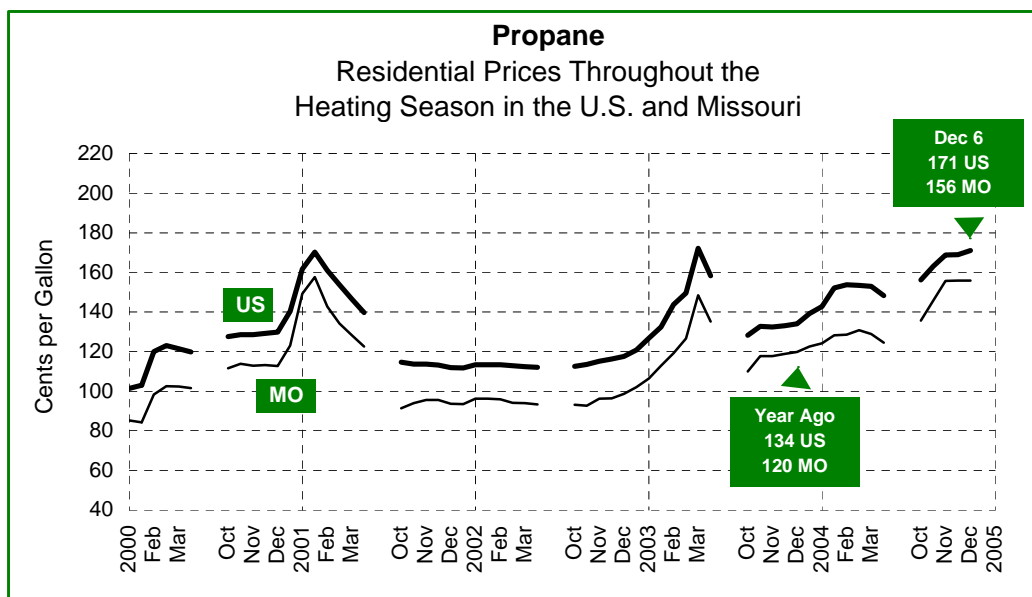
Approximately 13 percent (293,803) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

**Missouri's average retail propane price was \$1.56 per gallon on Dec. 6, unchanged from a month ago and 30 percent higher than a year ago.**

### Propane - Residential Prices (cents per gallon)

	<u>12-06-04</u>	<u>11-01-04</u>	<u>change</u>	<u>12-01-03</u>	<u>change</u>
Missouri	156	156	unchanged	120	up 30%

- U.S. supplies of propane posted an increase of 1 million barrels, placing supplies at an estimated 63.7 million barrels as of Dec. 6. Midwest propane supplies increased from the previous week, improving 0.1 million barrels to 21.2 million barrels as of Dec. 6, but are 2.8 million barrels lower compared to the same period last year. Milder temperatures recently have allowed more propane to be stored in the Midwest.
- NYMEX propane future prices settled at \$0.75 per gallon on Dec. 8 compared to \$0.61 this time last year (Dec. 8, 2003). Sustained crude oil prices above \$40 per barrel (West Texas Intermediate crude oil spot price has closed above \$40 per barrel every trading day since July 14) and more recently topping \$50 per barrel, and higher natural gas prices continue to support higher propane prices.
- EIA lowered their projection for Midwest households' average propane winter heating bills from an increase of 26 percent over last winter to 22.4 percent higher than last year. This is based on propane prices over the winter heating months averaging more than 20 percent higher than last year at \$1.56 per gallon with an average consumption of 898 gallons.



### Missouri Energy Outlook

The Missouri Energy Outlook, an energy resource analysis reviewing prices and availability of energy in Missouri over the winter months was released in November by the Missouri Department of Natural Resources' Energy Center. Copies of the Missouri Energy Outlook are available online at the department's Web site at <http://www.dnr.mo.gov/energy/publications.htm> or may be obtained by calling the Missouri Department of Natural Resources' Energy Center at (573) 751-3443 or the department toll free at (800) 361-4827.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.

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